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LANARD TOYS LIMITED

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Lanard Toys Limited

Plaintiff,

vs.

Big Lots Stores, Inc. and RMS International
(USA), Inc., and DOES 1 through 10

Defendants.

CASE NO. 2:17-cv-04469 R
(JPRx)

**FIRST AMENDED
COMPLAINT FOR**

**1) COPYRIGHT
INFRINGEMENT [17 U.S.C.
§101 *ET SEQ*];**

**2) FALSE DESIGNATION OF
ORIGIN [15 U.S.C. §1125(A)];**

**3) TRADEMARK
INFRINGEMENT [15 U.S.C.
§1114];**

**4) TRADE DRESS
INFRINGEMENT [15 U.S.C.
§1125(a)];**

**5) CALIFORNIA UNFAIR
COMPETITION; [Cal.B.&P.
Code §17200 *et seq.*].**

COMPLAINT AND DEMAND FOR JURY TRIAL

1 **COMPLAINT AND DEMAND FOR JURY TRIAL**
 2 1. Plaintiff Lanard Toys Limited (“Lanard”) hereby alleges the following
 3 as its First Amended Complaint (“Complaint”) against Defendants Big Lots Stores,
 4 Inc. (“Big Lots” or “Defendant”) and RMS International (USA), Inc. (“RMS” or
 5 “Defendant”)(collectively, “Defendants”).

NATURE OF THE ACTION

6 **NATURE OF THE ACTION**
 7 2. This is an action for copyright infringement, false designation of
 8 origin, trademark infringement, trade dress infringement, and unfair competition,
 9 arising from Defendants’ unauthorized copying and use of a distinctive chalk toy
 10 design embodied in products sold by Lanard. Defendants’ misappropriation has
 11 irreparably harmed the goodwill and reputation of Lanard and caused Lanard
 12 irreparable damage and monetary harm, for which Lanard requests relief in this
 13 Court.

JURISDICTION AND VENUE

14 **JURISDICTION AND VENUE**
 15 3. This is an action for damages and injunctive relief against Defendants
 16 arising under the United States Copyright Act, 17 U.S.C. §§ 101 *et seq.*, the
 17 Lanham Act, 15 U.S.C. §§ 1051 *et seq.*, and includes related claims for unfair
 18 competition arising under state law.

19 4. This Court has original jurisdiction over this dispute pursuant to 15
 20 U.S.C. § 1121, 28 U.S.C. § 1331, and 28 U.S.C. §§ 1338(a) and (b), as this action
 21 arises under the United States Copyright Act (17 U.S.C. §§ 101 *et seq.*), the
 22 Lanham Act (15 U.S.C. §§ 1051 *et seq.*), and includes claims of unfair competition
 23 that are joined with substantially related claims under the copyright, patent, and
 24 trademark laws of the United States pursuant to 28 U.S.C. § 1338(b).

25 5. This Court has supplemental jurisdiction over the state law claim of
 26 this complaint pursuant to 28 U.S.C. § 1367(a).

27 6. Venue is proper in the Central District of California pursuant to 28
 28 U.S.C. § 1391(b) and 28 U.S.C. §§ 1400(a) and (b), as a substantial part of the

1 events giving rise to the claims in this complaint occurred in this judicial district,
2 and Defendants reside within this judicial district, within the meaning of 28 U.S.C.
3 § 1391(c).

4 7. Defendants regularly conduct business in this district and throughout
5 the United States, and actively engaged in promoting, advertising, marketing,
6 and/or offering products within this judicial district, including the accused products
7 at issue in this lawsuit. Defendants' contacts with this district are sufficient to
8 confer personal jurisdiction over Defendants. In addition, Big Lots consents to
9 personal jurisdiction in this district.

10 **PARTIES**

11 8. Plaintiff Lanard Toys Limited is a Hong Kong company with its
12 principal place of business at Elite Centre, 28th Floor, 22 Hung To Road, Kwun
13 Tong, Kowloon, Hong Kong. Lanard manufactures and sells toys throughout the
14 world, including to companies in the United States.

15 9. Upon information and belief, Defendant Big Lots is an Ohio
16 corporation with its principal place of business at 300 Phillipi Road, Columbus,
17 OH, 43228-5311. Big Lots is a large general merchandise retailer, with stores
18 featuring substantial toy departments throughout the United States, including in
19 California.

20 10. Upon information and belief, Defendant RMS International (USA)
21 Inc. is a Florida corporation with its principal place of business at 8323 BW 12th
22 Street, Suite 111, Miami, Florida 33126 ("RMS"). On information and belief,
23 RMS is the United States-based affiliate of RMS International UK Ltd. and RMS
24 Hong Kong, which manufactures and/or imports toys into the United States for
25 resale.

26 11. Lanard is informed and believes and thereon alleges that Defendants
27 DOES 1 through 10, inclusive, are other parties not yet identified who have
28 infringed Plaintiff's copyrights, trademarks, and trade dress, or have contributed to

the infringement of Lanard's copyrights, trademarks, and trade dress or have engaged in one or more of the wrongful practices alleged herein. The true names, whether corporate, individual or otherwise, of Defendants 1 through 10, inclusive, are presently unknown to Lanard, which therefore sues said Defendants by such fictitious names, and will seek leave to amend this Complaint to show their true names and capacities when same have been ascertained.

BACKGROUND

Lanard And Its Distinctive Chalk Bomb!® Product

12. Lanard is a leading manufacturer and seller of toys throughout the world, including sales on a private label basis to other toy retailers.

13. In 2015, Lanard's designers developed a unique and original chalk toy—a hand-sized bag filled with powdered chalk styled as a hand grenade. Children can toss it at targets or others to leave marks of colored, washable chalk. The products come in a variety of fabric colors with corresponding internal chalk colors and feature either a yellow or red cord “fuse.”

14. Lanard called its toy the “Chalk Bomb” and has sold it packaged as single toys or in multi-packs of three and ten. A photograph of the toys in point-of-sale packaging are shown below.



Lanard Chalk Bomb (Item # 79047)



Lanard Chalk Bomb (Item # 79051)

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15. Lanard published its work by November 7, 2015. It submitted two copyright applications for the packaging to the United States Copyright Office on December 29, 2015. The Copyright Office registered Lanard's copyrights effective as of the same date and assigned Registration Nos. VA 2-022-296 and 1-999-283. True and accurate copies of the applications and resulting registrations are attached hereto as Exhibits A and B respectively. Since that time, Lanard has remained the sole owner of these copyrights.

16. Lanard also applied for a federal trademark registration for the mark CHALK BOMB! For "toys comprised of chalk powder, namely, tossing toys and drawing toys" in International Class 028. The mark registered as U.S. Registration No. 5,046,808. A true and accurate copy of the registration certificate is attached hereto as Exhibit C.

17. Lanard's CHALK BOMB!® has been a success in the market, with major United States retailers, including Wal-Mart, Albertsons, and Hobby Lobby making substantial sales of the product. A true and accurate copy of the Wal-Mart on-line offering of the Lanard CHALK BOMB!® is attached hereto as Exhibit D.

1 18. By virtue of significant sales, quality and uniqueness of design, and
2 the substantial time, effort, and money expended over the years by Lanard in
3 creating, promoting, and popularizing this product, Lanard has developed a
4 valuable reputation and goodwill in connection with its CHALK BOMB!® and the
5 trade dress associated therewith. Lanard enjoys substantial demand for this
6 product, and Lanard's trade dress embodied in the CHALK BOMB!® has become
7 well known to consumers and the trade by widespread, continuous, and exclusive
8 use thereof. The purchasing public and customers of Lanard associate the CHALK
9 BOMB!® trade dress exclusively with Lanard. Such trade dress is protectable and
10 has acquired secondary meaning.

11 19. As a result of the foregoing, the relevant public has come to recognize
12 an association between the CHALK BOMB!® design and Lanard, and have come
13 to understand chalk toys having the design elements used by Lanard are made
14 exclusively by Lanard or otherwise are associated with Lanard.

15 **Defendants' Wrongful Conduct**

16 20. Defendants are now and have been offering for sale in this district,
17 and elsewhere in the United States, unauthorized and infringing copies of Lanard's
18 CHALK BOMB!®.

19 21. A picture of the "Chalk Bombs" product offered by Defendants is
20 reproduced below (hereinafter "Knockoff Toy").

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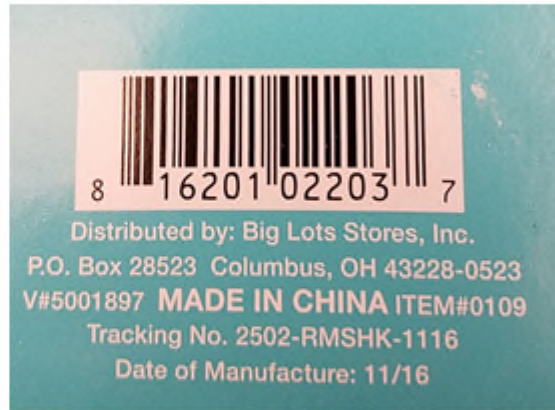
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Front



Back

22. Upon information and belief, Defendant RMS is the manufacturer and/or supplier of the Knockoff Toy and Big Lots is selling the Knockoff Toy, in a variety of different colored fabric bags with corresponding- colored internal chalk.

23. The unauthorized Knockoff Toy products and packaging contain an identical trademark (“Chalk Bomb”) and are remarkably similar to Lanard’s CHALK BOMB!®, and copy the protectable expression in Lanard’s design, as shown in the comparison below.

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Lanard Chalk Bomb!



Big Lots Chalk Bomb

24. Defendants are thus marketing, advertising, and selling products embodying trade dress and trademark confusingly similar to Lanard's CHALK BOMB!® and substantially similar to Lanard's copyrighted work.

25. Defendant RMS was put on notice of Lanard's CHALK BOMB!® toy and rights at least as of February 7, 2017 when it received a notice letter detailing the intellectual property related to the toy from Lanard.

26. Because of Lanard's unmistakable trade dress and registered trademark, the relevant public has and continues to be deceived and/or confused into believing that Defendants' unauthorized "Chalk Bomb" originated from Lanard, or is somehow authorized, sponsored by, or in some way associated with Lanard. Defendants' unauthorized reproduction of Lanard's trademark and trade dress has created a likelihood of confusion among the relevant public due to the relevant public's association between the look of Lanard's work and Lanard.

27. Defendants' unauthorized copying has been willful, and Defendants intentionally interfered with Lanard's business relations by offering to sell the copied chalk toys, thereby wrongfully diverting sales from Lanard.

28. Defendants unauthorized copying, promotion, and sale of the infringing products has caused Lanard irreparable financial harm.

29. Upon information and belief, by the acts alleged above, Defendants have made substantial profits to which they are not entitled and have caused Lanard to lose sales and/or other opportunities for monetary relief.

FIRST CLAIM FOR RELIEF

Copyright Infringement Under 17 U.S.C. § 101 et seq.

30. Plaintiff realleges and incorporates herein by this reference each of the allegations contained in Paragraphs 1 through 29 as if fully set forth herein.

31. Lanard has established copyrights in the design of its CHALK BOMB!® packaging and its design constitutes copyrightable subject matter under the copyright laws of the United States. Lanard is the owner of U.S. Copyright Registration Nos. VA 2-022-296 and VA 1-999-283 directed to its CHALK BOMB!® packaging design. Lanard is the owner of all right, title, and interest in and to the copyrights in this design.

32. Defendants' copying and use of Lanard's CHALK BOMB!® toy packaging is a violation of Lanard's exclusive rights to the original work of authorship in the packaging, including but not limited to the exclusive right to make reproductions and distribute copies to the public. The infringing copies include the "Chalk Bomb" product packaging sold as SKU 1620102203.

33. Upon information and belief, the acts of the Defendants were committed willfully, knowingly, maliciously, and in conscious disregard of Lanard's rights.

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34. The aforesaid infringement by Defendants have caused, and unless restrained by this Court will continue to cause, immediate and irreparable injury to Lanard's property and business. Lanard has no adequate remedy at law.

SECOND CLAIM FOR RELIEF

False Designation of Origin Under 15 U.S.C. § 1125(a)

35. Plaintiff realleges and incorporates herein by this reference each of the allegations contained in Paragraphs 1 through 34 as if fully set forth herein.

36. United States Trademark Registration No. 5,046,808 for the mark "CHALK BOMB!" was duly and legally issued by the United States Patent and Trademark Office on September 20, 2016.

37. Defendants' use of the "Chalk Bomb" mark in interstate commerce, without Lanard's consent, is a false designation of origin causing a likelihood of confusion, mistake, and deception as to source, sponsorship, affiliation, and/or connection in the minds of the public. Defendants' conduct has infringed Lanard's trademark rights in violation of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a)(1).

38. By reason of the foregoing, Lanard has been injured in an amount not yet fully determined. Further, Defendants have been unjustly enriched by virtue of its deception of consumers and misappropriation of Lanard's goodwill.

39. As a result of Defendants' acts of infringement, Lanard suffered and will continue to suffer irreparable harm for which Lanard has no adequate remedy at law, including damage to Lanard's goodwill. Unless Defendants' acts of infringement are enjoined by this Court, Lanard will continue to suffer irreparable harm.

40. Defendants' actions have known, intentional, wanton, and willful. The principles of equity warrant an award to Lanard of treble damages and profits, attorney's fees, and the costs of this action pursuant to 15 U.S.C. § 1117.

THIRD CLAIM FOR RELIEF

Trademark Infringement (15 U.S.C. § 1114)

41. Plaintiff realleges and incorporates herein by this reference each of the allegations contained in Paragraphs 1 through 40 as if fully set forth herein.

42. United States Trademark Registration No. 5,046,808 for the mark “CHALK BOMB!” was duly and legally issued by the United States Patent and Trademark Office on September 20, 2016.

43. This claim is for trademark infringement under the laws of the United States, Section 32 of the Lanham Act, 15 U.S.C. § 1114(1)(a).

44. Defendants’ used the “Chalk Bomb” mark to promote and sell Defendants’ Knockoff Toy in violation of Lanard’s rights in its registered trademark.

45. Defendants’ use of the “Chalk Bomb” mark is likely to cause confusion, mistake, and to deceive consumers.

46. Defendants’ actions constitute a blatant attempt to confuse the consuming public and to trade off Lanard’s goodwill.

47. Defendants’ acted knowingly and willfully, with full knowledge of the likelihood of confusion and with the intent to deceive consumers in order to trade off the efforts and earned goodwill and reputation of Lanard.

48. By reason of the foregoing acts of trademark infringement, Lanard has been injured in an amount not yet ascertained. Further, Defendants’ have been unjustly enriched by virtue of its deception of consumers and misappropriation of Lanard’s goodwill.

49. In addition, as a result of Defendants’ acts of infringement, Lanard suffered and will continue to suffer irreparable harm for which Lanard has no adequate remedy at law, including damage to Lanard’s goodwill. Unless Defendants’ acts of infringement are enjoined by this Court, Lanard will continue to suffer irreparable harm.

50. Defendants' actions have known, intentional, wanton, and willful. The principles of equity warrant an award to Lanard of treble damages and profits, attorney's fees, and the costs of this action pursuant to 15 U.S.C. § 1117.

FOURTH CLAIM FOR RELIEF

Against All Defendants

Trade Dress Infringement Under 15 U.S.C. § 1125(a)

51. Plaintiff realleges and incorporates herein by this reference each of the allegations contained in Paragraphs 1 through 50 as if fully set forth herein.

52. Defendants' use of Lanard's trade dress in commerce, including the trade dress in Lanard's CHALK BOMB!®, is likely to cause confusion, or to cause mistake, or to deceive as to origin, sponsorship, or approval of Defendants' goods by Lanard, in violation of § 43(a) of the Lanham Act (15 U.S.C. § 1125(a)).

53. The acts by Defendants were committed willfully, knowingly, maliciously, and in conscious disregard of Lanard's rights and were done with full knowledge of the falsity of the designation of origin and with the intention of causing confusion and misleading and deceiving the trade and the public as to the origin and quality associated with Defendants' products.

54. As a result of the likelihood of confusion that now exists in the marketplace, Lanard has suffered damage to its goodwill and reputation and has lost sales of its products.

55. Defendants have made substantial profits based on its unauthorized sales of their infringing “Chalk Bomb” copies.

56. The aforesaid infringement by Defendants have caused, and unless restrained by this Court will continue to cause, immediate and irreparable injury to Lanard's property and business. Lanard has no adequate remedy at law.

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1 **FOURTH CLAIM FOR RELIEF**

2 **Unfair Competition Under California**

3 **Bus. & Prof. Code § 17200 et seq.**

4 57. Plaintiff realleges and incorporates herein by this reference each of the
5 allegations contained in Paragraphs 1 through 56 as if fully set forth herein.

6 58. The aforementioned acts by Defendants' in causing confusion among
7 the relevant public and causing a false association or sponsorship between
8 Defendants' goods and Lanard, in California and elsewhere constitute unlawful,
9 unfair, and fraudulent business practices prohibited by Business & Professions
10 Code Section 17200 *et seq.*

11 59. The acts by Defendants' were committed willfully, knowingly,
12 maliciously, and in conscious disregard of Lanard's rights.

13 60. As a result of Defendants' unfair competition, Lanard has suffered
14 damage to its goodwill and reputation and has lost sales of its products.

15 61. Defendants' have made substantial profits based on its unauthorized
16 sales of their infringing "Chalk Bomb" copies.

17 62. Upon information and belief, the aforesaid conduct by Defendants
18 have caused, and unless restrained by this Court will continue to cause, immediate,
19 great, and irreparable harm to Lanard's property and business. Lanard has no
20 adequate remedy at law.

21 **PRAYER FOR RELIEF**

22 WHEREFORE, Plaintiff Lanard demands judgment as follows:

23 A. A declaration that Defendants have willfully infringed Lanard's
24 copyrighted works;

25 B. A preliminary and permanent injunction enjoining Defendants', its
26 officers, agents, servants, employees, attorneys, and those in active concert or
27 participation with it who receive actual notice of the order by personal service or
28 otherwise, from copying, distributing, selling, reproducing, or preparing derivative

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works of any original works of authorship of Lanard, ordering Defendants to cancel all orders for the chalk toy products substantially similar to Lanard's copyrighted works, ordering Defendants to deliver up for destruction all labels, signs, prints, catalogs, sell sheets, purchase orders, invoices, packages, wrappers, receptacles, articles, advertisements, and/or promotional materials in their possession referring or relating to the infringing products, or other products substantially similar to Lanard's copyrighted works and all plates, models, matrices, tooling, computer programs, and other means of making the same, and ordering Defendants to recall any and all infringing goods, or other products substantially similar to Lanard's copyrighted works;

C. A declaration that Defendants willfully infringed Lanard's trade dress;

D. A declaration that Defendants willfully infringed Lanard's registered trademark;

E. A preliminary and permanent injunction enjoining Defendants, its officers, agents, servants, employees, attorneys, and those in active concert or participation with them who receive actual notice of the order by personal service or otherwise, from:

1. utilizing or imitating Lanard's trade dress, including but not limited to manufacturing, distributing, advertising, selling, or offering for sale, any products which use any trade dress which is confusingly similar to the overall trade dress of Lanard's goods;

2. utilizing or imitating Lanard's trademark, including but not limited to manufacturing, distributing, advertising, selling, or offering for sale, any products which use any trademark which is confusingly similar to the Lanard CHALK BOMB!®;

3. injuring the commercial reputation, renown, and goodwill of Lanard; and

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4. unfairly competing with Lanard in any manner whatsoever; and ordering Defendants to cancel all orders for the chalk toy products embodying trade dress or trademark confusingly similar to Lanard's trade dress, ordering Defendants to deliver up for destruction all labels, signs, prints, catalogs, sell sheets, purchase orders, invoices, packages, wrappers, receptacles, articles, advertisements, and/or promotional materials in their possession referring or relating to the infringing products, or other products incorporating trade dress or trademark confusingly similar to Lanard's trade dress and trademark and all plates, models, matrices, tooling, computer programs, and other means of making the same, and ordering Defendants to recall any and all infringing goods, or other products incorporating trade dress confusingly similar to Lanard's trade dress or trademark;

F. An award to Lanard of its actual damages and for all profits realized by Defendants in connection with its infringing activities;

G. An award to Lanard of treble, exemplary, and/or punitive damages;

H. An award to Lanard of its reasonable attorney fees pursuant to 17 U.S.C. § 505 and/or 15 U.S.C. § 1117(a), filing fees, and the costs of this action;

I. Prejudgment and post judgment interest on the above monetary awards; and

J. Such other and further relief as this Court deems equitable and just.

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JURY DEMAND

Pursuant to Fed. R. Civ. P. 38(b), Plaintiff hereby demands a trial by a jury on all issues so triable.

Dated: August 2, 2017

Respectfully Submitted,

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